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RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
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RUEKJCS/SECDEF WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 ULAANBAATAR 000619

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SUBJECT: BAYAR UPSETS PM ENKHBOLD TO LEAD MONGOLIA'S RULING PARTY

REF: ULAANBAATAR 607

Classified By: Charge d'Affairs Brian L. Goldbeck for Reason 1.4 (d).

¶1. (C) SUMMARY: The 24th Congress of the ruling Mongolian People's Revolutionary Party (MPRP) unexpectedly produced a new party leader on October 27: Bayar, who defeated incumbent MPRP Chairman and Prime Minister Enkhbold in a secret-ballot vote. Bayar, an English-speaking, Russian-educated MPRP stalwart, surprised delegates by stating in his victory address that he is now seeking the prime ministership, as well as the party chairmanship. Enkhbold appeared devastated over the loss of his chairmanship, which occurred despite alleged payments to hundreds of voting delegates. The situation remains fluid and there is great confusion over whether Prime Minister Enkhbold will be able to hang onto his position and whether the full Cabinet, or some ministers, will be replaced. END SUMMARY.

¶2. (C) The 24th Congress of the ruling Mongolian People's Revolutionary Party (MPRP) unexpectedly produced a new party leader on October 27: party stalwart Bayar, who defeated incumbent MPRP Chairman and Prime Minister Enkhbold in a secret-ballot vote. The victory was sweet revenge for Bayar,

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who at the last party Congress in 2005 lost the chairmanship to Enkhbold by a wafer-thin margin. After a one-day break that followed the week-long Congress, the MPRP on October 29 opened its party Conference, which is expected to run two to three days and result in the selection of several key party positions. (Note: 677 delegates took part in the Congress and then selected the 255 delegates who are participating in the Conference.)

¶3. (C) Bayar, until now the MPRP's Secretary General, is an English-speaking, Russian-educated MPRP stalwart who helped write the country's post-Socialist Constitution. He organized the party Congress and, whether by design or accident, perfectly timed a colleague's speech. Just before the crucial vote, an MPRP official from the Ulaanbaatar City Council, Bolormaa, stood up and praised Bayar, calling him "clean," worldly and knowledgeable. Then, in a move seldom seen in Mongolian politics, Bolormaa publicly criticized Enkhbold, who had served as Ulaanbaatar Mayor in the seven years before he became Prime Minister. Bolormaa reportedly

said it is hard to work at the City Council because of all the bad things Enkhbold did. Because of Enkhbold and his involvement in land affairs (code for corrupt land transactions), "we're feeling very ashamed, very embarrassed" to speak with journalists and NGOs.

#### ENKHBOLD SHELL-SHOCKED

14. (C) The results were announced live on television: Of the 666 ballots cast for MPRP Chairman, Bayar won by 88 votes. FSN staff who observed the event on TV said Enkhbold appeared disoriented, clearly shocked that he had lost. (Note: Our sources say that in advance of the election, Enkhbold's team had distributed 350 million tugriks - one million (nearly \$1,000) each -- to 350 Congress delegates, to ensure his victory. But because the balloting was secret, the recipients apparently decided not to vote for him. We are aware of at least one delegate saying before the vote that yes, he had accepted one million tugriks from Enkhbold, but that no, he was not sure who he would support in the election. End Note.)

#### BOLD ACTION

15. (C) Bayar wasted no time in taking bold action. In post-victory remarks, he said that if the MPRP fails in Parliamentary elections (expected in June 2008), he will have the courage to take responsibility and resign as party chief. Then he added the unexpected: Unless you give me the prime ministership as well as the chairmanship, I cannot guarantee an MPRP victory in the elections. Bayar added that he would try to unify all MPRP factions in Parliament, prompting wild applause by MPRP Parliamentarians affiliated with President

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Enkhbayar (who are anti-Enkhbold and who may, if Bayar gets his way, be positioned to serve as Cabinet ministers).

#### BACKGROUND

16. (C) Bayar, whose family hails from the northern province of Hovsgol, is an ethnic Buryat (unlike the 90% of Mongolians who are ethnic Khalkh). He studied at Moscow State University; earned a law degree; subsequently worked as a journalist, then at the Ministry of Defense before turning full-time to political affairs. He is 50 or 51 years old. His current wife (his fourth) works at the UNDP. Bayar, seen by some as a reformer (and others as an opportunist), was nominated for the chairmanship by a respected former Prime Minister, Gungaadorj. Gungaadorj described Bayar as "a relatively clean politician" who is educated and well-known overseas. (Note: Bayar does not enjoy the squeaky-clean image he had in previous years. When he served as Ambassador to Russia from 2001 to 2005, Mongolia paid US \$250 million to settle its socialist-era debt to Russia. However, Russia said it only received \$200 million. The missing \$50 million was never accounted for. End Note.)

#### WHAT NOW?

17. (C) COMMENT: The situation remains fluid and there is great confusion over whether Prime Minister Enkhbold will be able to hang onto his position. The MPRP charter appears to give him the right to remain in that position until the next party Congress (in 2009); however, other actions could force Enkhbold out of power. One third of Parliament could force a vote on the ouster of the Prime Minister, or the entire Government. Alternatively, President Enkhbayar, returning soon from his trip to the United States, could nominate Bayar as Prime Minister and submit the proposal to Parliament. Or, if half or more of Enkhbold's Cabinet ministers resign - and we hear that supporters are fleeing the Enkhbold camp in

droves - the government itself will have to resign. Perhaps the only things that are looking clear at this point are that (1) Bayar, the new MPRP chief, has not hidden his great ambition; and (2) some "sacrificial" Cabinet heads are likely to roll. END COMMENT  
Goldbeck